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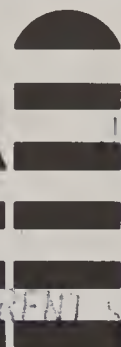
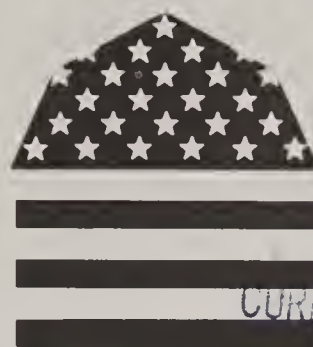
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FARMERS' NEWSLETTER

Soybeans



JUN 24 '81

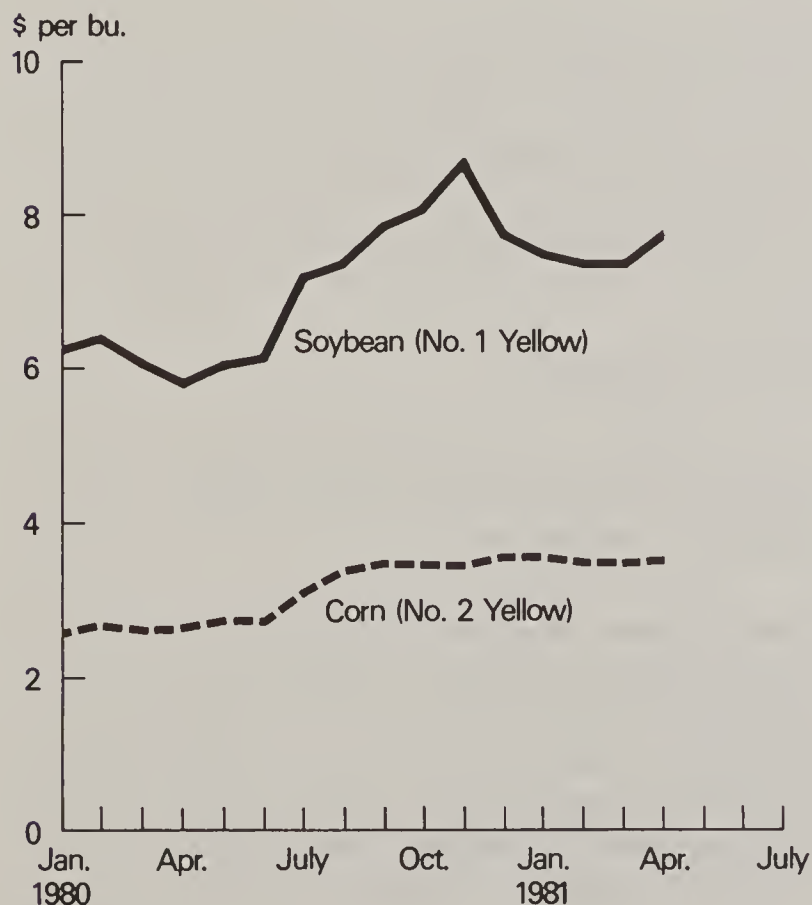
CURRENT SEASON RECORDS
June 81/8-17

Although the 1980 crop is still weighing heavily in the soybean price picture, it won't be long before prospects for the new crop take over. So if you're still storing beans from the 1980 harvest, you'll soon have to decide what to do with them.

Since declining sharply in December and January, soybean prices have been pretty stable. At this point, prices are being influenced mainly by the continued weakness in U.S. exports, the record South American crops, and high interest costs.

The price outlook for 1981 crop beans is still uncertain. Much will depend

LITTLE STRENGTH FORESEEN FOR SOYBEAN PRICES



on whether acreage plans shifted following the March planting intentions report--and, of course, on this summer's weather. The June 29 acreage report will clarify the first of these key variables.

What Are Your Marketing Plans?

If crop prospects are looking good in July, you probably won't gain much by holding beans into late summer. On the other hand, prices could strengthen if weather reduces new-crop prospects or delays planting of double-cropped beans.

With the size of this year's U.S. crop tentatively forecast 10 percent larger than last year's drought-reduced 1.82 billion bushels, any price rally this summer would require a downturn in U.S. crop prospects or an unexpected pickup in exports. If you're holding beans in anticipation of such a rally, keep in mind that you'd need price gains at least as large as your storing and carrying costs to make this strategy pay.

Meanwhile, you should begin to develop market plans for your 1981 crop. Remember that by August projections of crop size will begin to firm up, with weather taking over the markets. From then through harvest, price shifts may

The Farmers' Newsletter is written and published by USDA's Economics and Statistics Service and approved by the World Food and Agricultural Outlook and Situation Board.
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The next soybeans newsletter is scheduled for early August.

force you to modify earlier decisions about how much of your crop to sell before harvest. In deciding that, keep an eye on the futures market to help judge whether next year's prices will be higher or lower than current levels.

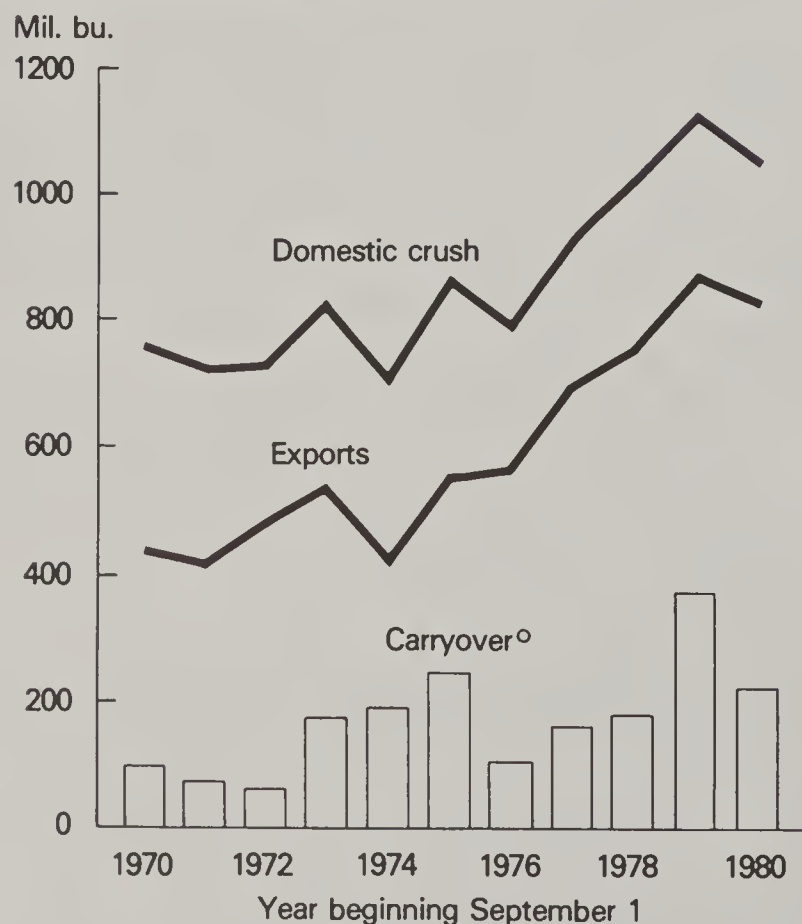
You may want to develop a diversified pricing plan for your 1981 crop. Spreading your sales throughout the marketing year will not get you the highest price of the season, but will prevent your getting the lowest price. With this strategy, you would probably receive near the season average price for your crop.

Whatever marketing plan you develop--keeping your cash-flow needs in mind--be sure it's flexible enough to respond to potential changes in crop and price prospects.

Supplies Larger Than Expected

Because crushings and exports have not met expectations so far this marketing

USE AND CARRYOVER BELOW LAST SEASON'S RECORDS*



* Excludes planting seed and soybeans used as feed.

° End of marketing year shown.

year, the carryover projected for September 1 has been increased. Now forecast at around 275 million bushels, it will be large enough to hold down prices unless the 1981 crop turns out smaller than now anticipated. Carry-over of soybean oil will likely be record large.

Demand for soybean meal is down sharply this season and likely will remain weak early in the 1981/82 season. Domestic use of meal has been running 10 percent below last season, largely because of declining hog production. And, with the number of cattle and calves on feed on April 1 down 4 percent from last year, the domestic meal market is not expected to rebound this year--despite a big spurt in placements during April.

Exports Remain Weak

During the first 6 months of the current season, soybean exports totaled 482 million bushels, compared with 554 million a year ago. Exports for the entire year are forecast at 760 million bushels, down 13 percent from last season's record.

Demand for soybean products continues weak in several key importing countries. At this point, meal exports are forecast down 10 percent from last season, with most of the decline due to reduced shipments to the Common Market and other Western European countries. Soybean oil exports may be down 35 percent.

A key reason for these downturns is the keen competition from South American countries.

With favorable growing conditions in January and February, Brazil and Argentina produced record crops this spring. Brazil's crop is estimated at 15.75 million metric tons (578.7 million bushels); Argentina's, 3.90 million tons (143.3 million bushels). In

U.S. SOY EXPORTS LOSING GROUND

	1979/80 ¹	1980/81 ²
	<i>Million metric tons</i>	
Soybeans		
United States	23.82	20.68
Brazil and		
Argentina	3.55	4.68
Other	1.08	1.26
Total	28.45	26.62
Soybean Meal		
United States	7.17	6.49
Brazil and		
Argentina	5.83	7.80
Other	4.18	4.43
Total	17.18	18.72
Soybean Oil		
United States	1.22	.79
Brazil and		
Argentina62	1.02
Other	1.35	1.44
Total	3.19	3.25

¹ Preliminary. ² Projected.

all, output from these two countries is about 5 percent larger than last year.

Argentina--which will export a large proportion of its increased output--has become very competitive in the Western European soybean market this season. And Brazil's policy of encouraging domestic crush of beans and exporting the products is helping that country penetrate world markets for soybean products in a big way.

While world trade in soybeans will be down 1.9 million tons this season, exports from Brazil and Argentina will likely total 4.7 million--32 percent more than last year. Exports of meal and oil from these countries could climb 37 percent this year, while U.S. exports of these products decline 13 percent. As a result, South American shipments of meal and oil will surpass those from the United States by 1.5 million tons--capturing 40 percent of global trade in soybean products.

Early-Season Projections Show Larger U.S. Crop

Here are the first projections published for the soybean crop year beginning September 1. Remember that they are highly tentative and will certainly change during the summer:

- The area planted to U.S. beans may total about 69 million acres, versus 70 million in 1980. If yields return to trend, the crop would be 2,005 million bushels--10 percent larger than last year.
- Crushings are projected to rise about 4 percent next season, and exports may expand about 9 percent. Despite these potential gains, both would still be smaller than in 1979/80.
- The current large inventories and low prices of U.S. soybean oil will limit price strength for soybeans next season. Farm prices may average \$7 to \$9 a bushel, compared with \$7.55 estimated for this year.

SOYBEAN SUPPLIES, USE TO RISE NEXT SEASON

Year beginning September 1	1979/80	1980/81 Estimate	1981/82 Projected ¹
	<i>Million bushels</i>		
Beginning stocks . .	174	359	275
Production	2,268	1,817	2,005 ± 170
Total supply	2,442	2,176	2,280 ± 170
Crushings	1,123	1,050	1,090 ± 65
Exports	875	760	825 ± 60
Seed, etc	68	70	80
Residual	17	21	10
Total use	2,083	1,901	2,005 ± 100
Ending stocks	359	275	275 ± 100
	<i>Dollars per bushel</i>		
Farm price	6.28	7.55	7.00 - 9.00
Loan rate	4.50	5.02	5.02

¹ As of May 12, 1981. Chances are 2 out of 3 that the outcome will fall within the ranges indicated.

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June 81/S-17

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● Using these projections of production and use, carryover stocks on September 1, 1982, would be about 275 million bushels--unchanged from this year's level.

More Double-Cropping Likely

Southern acreage seeded to winter wheat showed big gains this season, pointing to a potential rise in double-cropped soybeans. Wheat seedings expanded 70 percent in South-Central States, 55 percent in the Southeast, and about 30 percent in the eastern Corn Belt.

Last year, farmers planted soybeans after another crop on about 6.4 million acres. This year, the total could reach 8 million. About a fourth of wheat acreage in the Corn Belt is likely to be followed by soybeans, and as much as 6 million acres of the southern wheat area could wind up in beans.

Double cropping would be curtailed, however, if drought prevails during the wheat harvest or if harvest is delayed--for example, by wet weather. The June acreage report will estimate the percentage of 1981 soybean acreage likely to be planted following another crop.

DOUBLE-CROPPED SOYBEANS ON THE RISE

	North-Central	Other States	U.S. Total
	<i>Million acres</i>		
1975	1.4	2.5	3.9
1976	2.1	2.8	4.9
1977	1.8	2.5	4.3
1978	1.2	2.3	3.5
1979	1.3	3.1	4.4
1980	1.6	4.8	6.4
1981 ¹	2.0	6.0	8.0

¹ Projected.



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